GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2645
ANSWERED ON:09.12.2005
PERFORMANCE OF INDIA IN DEVELOPMENT
Joshi Shri Pralhad Venkatesh

Will the Minister of FINANCE be pleased to state:

(a) whether it has come to the notice of the Government that in recent report on performance of the nations doing business for 2006 by International Finance Corporation (IFC), India is depicted as most business unfriendly nation and its ranking in the development is shown at 116;

(b) if so, the reaction of the Government thereto;

(c) whether in view of this report the Government has taken up any review of it`s economy`s growth; and

(d) if so, the details thereof?

Answer

Minister of State in the Ministry of Finance (SHRI S. S. PALANIMANICKAM)

(a) & (b): Yes Sir. As per the annual survey on `Doing business in 2006`, conducted by the International Finance Corporation on the ease of doing business in various countries, India`s rank out of 155 countries is 116. This is an independent assessment by the authors of the survey based on some selected indicators, which measure government regulation and the protection of property rights. As stated in the survey, these rankings do not tell the whole story in view of limited scope of the indicators, which do not take into account factors such as country`s proximity to large markets, the security of property, macroeconomic conditions, and the underlying strength of institutions.

The Government is aware that there are certain areas, which need improvement; and the investment climate is continuously improving in India. World Investment Report 2005 of the United Nations Conference on Trade and Development (UNCTAD) rated India as the second most attractive investment destination.

(c) & (d): Review of the economy`s growth is continuous process, and the government is making concrete efforts to improve the investment climate in the country by upgrading physical and institutional infrastructure and by simplifying the procedures.